

# ***The Impact of Corporate Governance on Firm's Performance with Capital Structure as Intervening Variable***

Patrick Willyanto  
Alumny of Fakultas Bisnis dan Ekonomika  
Universitas Surabaya  
Surabaya, Indonesia  
patrickwillyanto7@gmail.com

Deddy Marciano  
Faculty of Business and Economics  
Universitas Surabaya  
Surabaya, Indonesia  
Us31143@gmail.com/marciano@staff.ubaya.ac.id

Didik Siswantoyo  
Alumny of  
Name of Company / Institution  
City, Country  
Email Address

**Abstract** – This study aims to analyze the effect of corporate governance towards financial performance using return on assets (ROA) as a proxy with capital structure (C) as an intervening variable in the manufacturing industry which were listed in Indonesia Stock Exchange (BEI) from 2012 to 2016. The number of final samples exercised were 68 business entities with 340 observations and multiple regression is opted for assessing the dependent and independent variables. There are two findings, where the first finding suggests that OWNCON and DIRIND variables have negative effect towards Long-Term Debt (LTD) and SIZE variable has positive and significant effect towards LTD. Further, DIROWN, BSIZE, RISK, and GROWTH variables do not attest the correlation with LTD. The second finding manifests that LTD variable has negative impact on ROA, while LIQ and AGE variables are positively correlated with ROA.

**Keywords** - corporate governance, capital structure, firm performance